

## Message Text

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PAGE 01 CONAKR 00368 081708Z

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----081725Z 074369 /50

P 081625Z MAR 77  
FM AMEMBASSY CONAKRY  
TO SECSTATE WASHDC PRIORITY 2830

S E C R E T CONAKRY 0368

EXDIS

E.O. 11652: XGDS-3  
TAGS: PFOR PGOV GV UR  
SUBJECT: SOVIET RECONNAISSANCE DEPLOYMENTS, PL-480 AND AMERICAN  
INVESTMENTS

REF: (A) STATE 48251, (B) CONAKRY 0287

1. SUMMARY: US HAS PRESSED GOG HARD FOR A YEAR  
ABOUT SOVIET RECONNAISSANCE DEPLOYMENTS; THERE IS  
NO EVIDENCE THAT THIS ISSUE HAS AFFECTED GOG VIEW OF  
AMERICAN PRIVATE INVESTMENT. IN FACT, PRESIDENT SEKOU  
TOURE HAS REAFFIRMED INTENTION TO HONOR COMMITMENTS  
WITH HALCO, UPON WHICH GOG DEPENDS ECONOMICALLY.  
GOG IS SEEKING MORE PRIVATE WESTERN INVESTMENT, AND  
CORRECT GOG BEHAVIOR TOWARD HALCO IS CRUCIAL CONSIDERA-  
TION. ALTHOUGH GOG WILL CONTINUE VIGOROUSLY TO PRESS  
ITS OWN INTERESTS WITHIN CBG, EMBASSY DOES NOT REPEAT  
NOT BELIEVE MAINTENANCE OF US PRESSURE REGARDING SOVIET  
DEPLOYMENTS AGAINST US FLEET JEOPARDIZES (OR IS PER-  
CEIVED AS RELATED TO HALCO. END SUMMARY.

2. REFTEL A REQUESTS EMBASSY VIEWS ON QUESTION  
QUOTE IF WE PRESSED THE GOG HARD ON THE ISSUE OF THE  
FLIGHTS, WOULD THE GOG RETALIATE BY ASSUMING GREATER  
CONTROL OF CBG AND THUS OF HALCO'S OPERATIONS IN  
SECRET

SECRET

PAGE 02 CONAKR 00368 081708Z

GUINEA? UNQUOTE

3. AMBASSADOR FIRST RAISED ISSUE OF SOVIET RECONNAISSANCE  
DEPLOYMENTS WITH PRESIDENT SEKOU TOURE EXACTLY ONE  
YEAR AGO, 7 MARCH 1976. AMBASSADOR HAS SINCE DISCUSSED  
MATTER IN TWO OTHER MEETINGS WITH TOURE, IN THREE  
MEETINGS WITH PRIMIN AND FONMIN, THREE TIMES WITH

MININTERIOR AND MINDEFENSE, AND IN OTHER DISCUSSIONS. ASSISTANT SECSTATE OF ACTING ASSISTANT SECSTATE FOR AFRICA HAS RAISED ISSUE WITH GUINEAN FONMIN, MINISTER OF BANKS, AND GUINEAN AMBASSADOR. FOUR NATO ALLIES (ONE AT MINISTERIAL LEVEL WITH SEKOU TOURE PERSONALLY) HAVE ECHOED US POSITION THAT GUINEA CANNOT AUTHORIZE SYSTEMATIC SOVIET DEPLOYMENTS AGAINST NATO FLEET AND STILL BE ACCEPTED AS INDEPENDENT AND NONALIGNED. US TURNED DOWN GUINEA'S REQUEST FOR ADDITIONAL FY-76 RICE UNDER PL-480 BECAUSE OF SOVIET DEPLOYMENTS; US QUICKLY GRANTED RICE WHEN TOLD DEPLOYMENTS WOULD CEASE; US SUSPENDED RICE DELIVERY WHEN DEPLOYMENTS BEGAN AGAIN. THUS, WE HAVE ALREADY PRESSED GOG HARD ON THIS ISSUE FOR A YEAR.

4. DURING THIS TIME THERE HAS NOT BEEN THE SLIGHTEST INDICATION THAT GOG WISHES TO MIX POLITICS WITH ECONOMICS OR TO RETALIATE AGAINST HALCO. QUITE THE CONTRARY. GOG HAS ACTIVELY SOUGHT MORE US PRIVATE INVESTMENT THROUGHOUT THE YEAR AND CLEARLY SEES JOINT VENTURE COMPANIES AS BEST PROSPECT FOR DEVELOPING ECONOMY. PRESIDENT TOURE SOLEMNLY ASSURED HALCO DIRECTORS IN NOVEMBER 1976 THAT GOG INTENDED TO HONOR ITS AGREEMENTS. HALCO IS THE BELLWETHER FOR OTHER POTENTIAL INVESTORS. IN CONVERSATION WITH EMBOFF IN FEBRUARY 1977, SEKOU CAMARA (WHO HAS ACTED AS GO-BETWEEN FOR EMBASSY WITH PRESIDENT TOURE AND MININTERIOR DIAKITE) VOLUNTEERED IN FORCEFUL FASHION THAT CBG OPERATIONS WERE TOTALLY SEPARATE FROM MIX OF PL-480/TU-95 BILATERAL

SECRET

SECRET

PAGE 03 CONAKR 00368 081708Z

PROBLEMS.

5. CBG FURNISHES THREE-FOURTHS OF FOREIGN EXCHANGE AVAILABLE TO GOG. HALCO PARTNERS COMPRIZE ABOUT THE ONLY PRACTICAL MARKET FOR CBG OUTPUT. NON-AMERICAN HALCO PARTNERS ARE FROM CANADA, FRANCE, FEDERAL REPUBLIC AND ITALY, THE LAST THREE PROMINENT MEMBERS OF EC, GUINEA'S LARGEST AID DONOR. WORLD BANK, THE SECOND LARGEST SOURCE OF GUINEA'S ECONOMIC AID, SPONSORED THE CBG PROJECT AND DESIGNED ITS FINANCING PACKAGE, OF WHICH WORLD BANK ITSELF HOLDS OVER \$70 MILLION. OTHER CREDITORS ARE INFLUENTIAL PRIVATE FINANCIAL INSTITUTIONS (E.G., BANKERS TRUST, BANK AMERICA). IT WOULD BE SUICIDAL FOR GOG TO ANTAGONIZE THIS ARRAY OF INTERESTS, ESPECIALLY WHEN SOVIETS HAVE SHOWN NO REPEAT NO WILLINGNESS TO EXPAND THEIR ECONOMIC COMMITMENT. GUINEA DOES NOT REPEAT NOT WISH TO SEVER ITS TIES WITH WEST AND BECOME TOTALLY BEHOLDEN TO SOVBLOC. ON CONTRARY, GOG IS IN PROCESS BROAD EXPAN-

SION OF ECONOMIC LINKS WITH WEST. SEKOU CAMARA'S UNSOLICITED DENIAL OF LINKAGE BETWEEN CBG AND BILATERAL POLITICAL DIFFERENCES, IN EMBASSY OPINION, BETRAYS GOG'S OWN FEAR THAT GUINEAN MILITARY COLLABORATION WITH USSR MAY HAVE DELETERIOUS IMPACT UPON WESTERN PRIVATE INVESTMENT AND AID.

6. FACT THAT GOG STRICTLY INSULATES ITS ECONOMIC SELF-INTERESTS SUCH AS CBG FROM POLITICAL /MILITARY PROBLEMS DOES NOT GUARANTEE CLEAR SAILING FOR HALCO. GOG PRESSURE TO AFRICANIZE CBG, TO INCREASE GUINEAN CONTROL OVER KEY DECISIONS, AND TO MAXIMIZE GOG INCOME HAS BEEN A FACTOR SINCE 1973. CURRENT ISSUES BEFORE CBG BOARD INCLUDE PROPOSAL FOR "DOUBLE SIGNATURE" WHEREBY GUINEAN VICE PRESIDENT MUST COUNTERSIGN WITH HALCO REP ALL KEY DOCUMENTS, AND AN INGENIOUS PROPOSAL FOR REDISTRIBUTION OF PREFERRED STOCK WHICH

SECRET

SECRET

PAGE 04 CONAKR 00368 081708Z

WOULD IMPROVE GOG'S EQUITY POSITION VIS-A-VIS HALCO. WHILE GOG WILL MAINTAIN SUCH PRESSURES (AS IT DID LONG BEFORE 7 MARCH 1976), GOG IS UNLIKELY, FOR REASONS LISTED ABOVE, TO TAKE ACTION UNACCEPTABLE PREJUDICIAL TO INTERESTS OF PRIVATE PARTNERS. IN ANY CASE, SUCH MATTERS SEEM SEPARATE FROM ISSUE OF TU-95S AND PL-480.

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## Message Attributes

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